

Message Text

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PAGE 01 SAN SA 01773 071350Z

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ACTION EB-07

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FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 8035

UNCLAS SAN SALVADOR 1773

E.O. 11652 - N/A

TAGS: BEXP, ES

SUBJ: BUSINESS CONSULTATION PROGRAM: SAN SALVADOR

MISSION MAJOR PROJECTS PROGRAM (MMPP)

STATE FOR EB/CBA/OCA

REF: A) SAN SALVADOR FY76-77 CASP (A-31); B) SAN SALVAFDR A-33;
C) SAN SALVADOR A-32; D) SAN SALVADOR A-20; E) SAN SALVADOR 1736;
F) SAN SALVADOR 1660; G) STATE 104370

1. ONE OF FOUR MAJOR ISSUES FOR USG IN EL SALVADOR AS SET FORTH IN DRAFT FY76-77 CASP (REF A) IS PROMOTION OF US PARTICIPATION IN MAJOR PROJECTS. MISSION MAJOR PROJECTS PROGRAM (MMPP, REF B) IS VEHICLE FOR MEETING THIS ISSUE AND IDENTIFIES \$466.1 MILLION IN ANTICIPATED MAJOR PROJECTS EXPENDITURES OVER THE NEXT 5 YEARS OF WHICH \$307.25 MILLIONS ARE PROJECTED FOR COMMITMENT WITHIN THE NEXT TWO YEARS. SUBSEQUENT INFORMATION INCREASES THIS TOTAL TO ABOUT \$500 MILLIONS AND GOES EFFORTS TO INCREASE EXPENDITURES ON PUBLIC PROJECTS AS AN ECONOMIC STIMULUS MAY LEAD TO EVEN EARLIER COMMITMENTS THAN THOSE CITED IN REF B.

2. THE MMPP IDENTIFIES FOUR MAJOR PROJECT AREAS - POWER GENERATION (HYDRO AND GEOTHERMAL), HIGHWAYS, WATER AND SEWAGE TREATMENT AND TRANSPORTATION.

3. REFS B, D, AND F AND PREVIOUS IDENTIFY \$267 MILLIONS IN POWER PROJECTS OF WHICH \$225 MILLION ARE HYDROELECTRIC PROJECTS INCLUDING CONSTRUCTION OF A 120 MW PLANT WITH DAM AT UNCLASSIFIED

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PAGE 02 SAN SA 01773 071350Z

SAN LORENZO (\$125 MILLION) AND ADDITION OF 142.5 MW'S OF

GENERATING CAPACITY TO TWO OTHER PLANTS. US ENGINEERING EQUIPMENT AND CONSTRUCTION FIRMS ARE NOW ACTIVE IN THIS FIELD HERE BUT SOME DOUBTS HAVE BEEN EXPRESSED RECENTLY OF ONE FIRM AND COMPETITION FOR EQUIPMENT CONTRACTS HAS INCREASED. THE GREATER OPPORTUNITY EXISTS IN CAPTURING GEOTHERMAL EXPLORATION, CONSTRUCTION AND EQUIPMENT CONTRACTS FROM CURRENT NON-US SUPPLIERS (REF F). US ENGINEERING AND SUPPLY FIRMS HAVE FAILED THUS FAR TO ACTIVELY PARTICIPATE IN COMPETITION FOR \$60 MILLION IN FUTURE SALES OF EQUIPMENT AND SERVICES IN THIS FIELD. THE DIRECTOR GENERAL OF CEL (NATIONAL POWER AUTHORITY) HOPES THAT EMBOFF CAN ASSIST DR. CUELLAR WITH GEOTHERMAL CONTACTS REF F.

4. THE SALVADORAN MINISTRY OF PUBLIC WORKS HAS MADE A SPECIAL EFFORT TO INTEREST US HIGHWAY CONSTRUCTION FIRMS IN BIDDING ON PROJECTS HERE (SEE REF C). OVER \$100 MILLIONS IN CONTRACTS ARE SCHEDULED FOR BIDDING DURING THE NEXT FOUR YEARS, ACCORDING TO THE MINISTER, INCLUDING A FOUR LANE 33 KM KILOMETER TOLL ROAD FROM SAN SALVADOR TO THE NEW CUSCATLAN AIRPORT (\$23-27 MILLION), REBUILDING PART OF THE PAN AMERICAN HIGHWAY (126 KILOMETERS, \$30-35 MILLION) AND BUILDING AN URBAN ARTERIAL NETWORK IN SAN SALVADOR (\$12-14 MILLION). THE MINISTER HAS AGREED TO PROVIDE FULL TECHNICAL DATA ON THESE PROJECTS SHOULD AN EMBOFF NEED THEM FOR CONTACT PURPOSES AS HE IS MOST ANXIOUS TO INCREASE SUBSTANTIALLY US PARTICIPATION IN HIGHWAY BIDS HERE.

5. THE PRESIDENT OF THE NATIONAL WATER AUTHORITY (ANDA) AND HIS CHIEF ENGINEER HAVE EXPRESSED INTEREST IN FINDING BOTH IMMEDIATE HELP (REF A) AND AN EVENTUAL MAJOR CONTRACTOR TO BUILD TWO WATER PROJECTS FOR WHICH BIDDING WILL BEGIN THIS SUMMER (\$50 MILLION COST). THEY ARE ALSO CONCERNED THAT US SUPPLIERS OF METAL PIPING AND PUMPING EQUIPMENT BE ADVISED OF EL SALVADOR'S PENDING NEEDS IN ORDER TO MINIMIZE RISKS OF DELAYED DELIVERIES. THEY HAVE OFFERED TO PROVIDE FULL TECHNICAL DETAILS OF PLANNED REQUIREMENTS.

6. THIS EMBASSY STRONGLY RECOMMENDS THAT TRAVEL BE APPROVED FOR TIMOTHY C BROWN, ECON/COM OFFICER RESPONSIBLE FOR MAJOR PROJECTS TO VISIT POTENTIAL US SUPPLIERS OF GOODS AND SERVICES IN THE FIELDS OF GEOTHERMAL POWER, HIGHWAY CONSTRUCTION, WATER UNCLASSIFIED

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PAGE 03 SAN SA 01773 071350Z

ENGINEERING AND HYDROELECTRIC POWER IN THAT ORDER. BROWN CAN TRAVEL BEGINNING MAY 15 OR THEREAFTER FOR A PERIOD OF UP TO ABOUT TWO WEEKS. BELOW ARE PROJECT FIELDS IN ORDER OF PRIORITY.

A) IN GEOTHERMAL FIELD BROWN SHOULD CONTACT MAGMA POWER OF LOS ANGELES, GENERAL ELECTRIC GEOTHERMAL TURBINE DIVISION, ENGINEERS AND ARCHITECTS ASSOCIATES OF SAN FRANCISCO AND PACIFIC

GAS AND ELECTRIC OF CALIFORNIA IN CONNECTION WITH BIG GEYSER PROJECT;

B) ON HIGHWAYS, MINISTER OF PUBLIC WORKS NAMED NELLO-
TEER AS ONE COMPANY OF INTEREST BUT CB/CBA/OCA SHOULD ARRANGE
CONTACTS WITH OTHER FIRMS;

C) ON WATER PROJECTS EB/CBA/OCA SHOULD IDENTIFY TARGET US
FIRMS;

D) SUBJECT TO AVAILABLE TIME CONTACT ON HYDROELECTRIC
PROJECTS WITH BECHTEL OF SAN FRANCISCO, MORRISON-KNUDSEN, AND
HARZA ENGINEERING OF CHICAGO WOULD BE VALUABLE;

E) CONTACT WITH EB/CBA/OCA IN STATE AND MAJOR PROJECTS
IN COMMERCE WOULD ALSO BE VALUABLE.

7. SUBJECT TO AVAILABLE TIME BROWN WILL ALSO BE PREPARED TO
DISCUSS TELECOMMUNICATIONS (\$15.5 MILLION) AND THE CUSCATLAN
AIRPORT (\$17-26 MILLION UNTIED).
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